Nova Scotia
Annual
Gaming Report
2001 - 2002

Environment and Labour
Alcohol and Gaming Authority

104-00558/

The Honourable Ronald S. Russell
Minister of Environment and Labour

Dear Minister:

Presented herewith is the *Annual Gaming Report* pursuant to Section 56 of the *Gaming Control Act* for the year ending March 31, 2002.

The 2001/2002 *Annual Gaming Report* covers the activities of the Alcohol and Gaming Authority relative to the gaming industry and explains its working mandate received from the *Gaming Control Act*- 'to regulate and control casinos and other lottery schemes; and to administer this part in the public interest and in accordance with the principles of honesty and integrity.'

Yours very truly,

Dennis W. Kerr

Dennis W. Kerr
Executive Director
Alcohol and Gaming Authority

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ABOUT THE AUTHORITY

Mandate

The Nova Scotia Alcohol and Gaming Authority (the Authority) has the legislative responsibility to regulate and control gaming activities "in the public interest and in accordance with the principles of honesty and integrity."[1] The Authority licenses and monitors the conduct of casinos, bingos, lotteries and other games of chance (except harness racing, and gaming activities conducted on Native lands), to ensure that these games are carried out in the best social and economic interests of Nova Scotians. Furthermore, the Authority studies public interests and reactions to gaming in Nova Scotia, and assesses the impacts emanating from this activity.

Workforce

With its head office located in Dartmouth, and a regional office in Sydney, the Alcohol and Gaming Authority maintains a workforce around the province. In addition, a contingent of RCMP officers work under contract with the Alcohol and Gaming Authority to conduct security clearance and casino cheat at play investigations.

CORE FUNCTIONS

Registration and Licensing

Pursuant to the *Gaming Control Act*, the Nova Scotia Alcohol and Gaming Authority registers individuals and companies who supply goods and services to regulated gaming activities. During the 2001/2002 fiscal year, the Authority's registry consisted of 19

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1 *Gaming Control Act*. 1994-95, c. 4, s. 42.

casino gaming related suppliers, 38 casino non-gaming related suppliers, and 2 bingo suppliers. In addition, 159 non-gaming related suppliers, whose goods and services did not exceed $100,000 for the year, were registered under reduced disclosure requirements.

The Authority also conducts security checks on personnel related to the gaming industry, including all casino staff, employees of the Nova Scotia Gaming Corporation and the Alcohol and Gaming Authority. Different levels of security clearances are applied, depending on one's position in an organization or the type of service one provides (i.e., suppliers of actual gambling equipment are held to a higher degree of scrutiny than the suppliers of non-gaming related supplies such as restaurant equipment). In 2001/2002, the Authority conducted security checks on 1,100 casino employees.

The Alcohol and Gaming Authority issues gaming licenses to organizations that raise funds for charitable purposes, including bingos, ticket lotteries (prize value over $500), and carnival games of chance. In addition, permits are issued for ticket lotteries with a prize value of less than $500. Licenses are issued in accordance with the provisions of the applicable regulations, and policy as established by the Alcohol and Gaming Authority.

Gaming Registration Issuance			
	Halifax	Sydney	Total
Casino Registrations			
Gaming supplier			19
Non-gaming supplier - exemption			159
Non-gaming supplier			38
Casino employees	864	236	1,100
Bingo Registrations			
Bingo supplier			2
TOTAL			1,318

Series bingo and ticket lottery licenses are issued to organizations wishing to carry on a series of regular events. Single licenses are issued for individual events. Games of chance events include commercial carnivals, fun-night Monte Carlo events, and games conducted during annual fairs and exhibitions.

Gaming License Issuance			
	Series	Single	Total
Bingo	465	114	579
Ticket lottery	469	513	982
Permits		5,314	5,314
Break-open		64	64
Games of chance/carnival		181	181
TOTAL	934	6,186	7,120

Investigation and Enforcement

The Investigation and Enforcement Division regularly inspects licensed premises to ensure that gaming activities comply with the applicable regulations. For example, video lottery play is checked for underage play and credit granting, and bingos are checked for such things as the proper use of bingo operating equipment. Furthermore, Division staff conduct inspections at the two casinos to ensure compliance with casino regulations and detailed internal control procedures. The Investigation and Enforcement Division has a staff complement located throughout the Province. In addition, under contract with the Authority, a complement of RCMP officers provide gaming supplier and employee security clearances, and conduct casino cheat at play investigations.

The Gaming Analyst Section of the Division conducts regular as well as random testing of casino slot machine software to insure each machine is compliant with the legislated minimum payout percentage, as well as other requirements. The Section also monitors payout percentages for video lottery terminals (VLTs) in liquor licensed premises in the Province.

The Investigation and Enforcement Division is also responsible for reviewing and making recommendations with respect to all approval requests from the casino operator pertaining to:

- casino surveillance and security systems;
- permitted games of chance played in casinos;
- Rules of Play; and
- slot machine installations, modifications, removals and relocations.

Gaming Inspections, Complaints, & Investigations

	Inspections	Complaints	Investigations
Bingo	544	45	16
Casino	39,034*	3	30**
VLT	16,025	1	7

* Includes 2,906 Technical Inspections
** Includes 8 Technical Investigations

Communications and Research

The Alcohol and Gaming Authority is responsible for studying the interest and reactions of the public towards gaming in Nova Scotia; and assessing the social, health, justice, economic, and environmental impacts of gaming in the Province. Since 1995/1996, the Alcohol and Gaming Authority has issued its *Annual Gaming Report*, representing a compilation and synthesis of gaming related research conducted in the Province.

YEAR IN REVIEW

The 2001/2002 year marked continued growth of Nova Scotia's gaming industry, in terms of gross wagers. Despite increased dollars spent on games of chance in the Province, there are conscious efforts undertaken to ensure that gaming remains as an entertainment activity. Both government and the industry are assuming their responsibility to inform patrons about safe gaming practices, as well as the risks and consequences involved. Programs and services have been implemented to aid in the prevention and mitigation of problem gambling. Furthermore, the gaming industry is advocating responsible gaming which, although not clearly defined, means knowing your limits and gambling within your means.

Casinos

The permanent Halifax Casino Nova Scotia marked the second year of operations in 2002, with gaming revenues rising two percent over the previous fiscal year. Conversely, Sydney Casino reported nearly a two percent decline in gaming revenues. Despite the mixed financial performance, both casinos remain as popular venues for gaming activities, entertainment performances, and dining experiences.

Casinos are continuously monitored by Alcohol and Gaming Authority staff to ensure compliance with casino regulations and detailed internal control procedures. In the past year, 114 individuals requested to participate in the Voluntary Exclusion Program, which is designed for individuals who feel it is in their best interest not to participate in casino gaming. In addition, 15 excluded patrons applied for reinstatement of access to the casinos by requesting a hearing before the Nova Scotia Utility and Review Board; 12 were approved, and 3 were denied.

Video Lottery Terminals

May 2001 marked the tenth year since video lottery terminals were legalized in Nova Scotia, which had been sanctioned in order to eliminate illegal gaming devices. Since that time, there have been many changes to the video lottery program aimed at mitigating potentially negative impacts associated with the machines, including: restricting VLTs to age-restricted licensed establishments, allotting funds for the prevention and treatment of problem gambling, a moratorium capping the number of VLTs in the Province at 3,234, and a VLT Retailer Responsible Gaming Program.

The 2001/2002 fiscal year witnessed further changes to the Province's video lottery program, most notably the roll-out of 1,640 new VLTs as part of the Replacement Plan announced by the Nova Scotia Gaming Corporation in December 2000. The new VLTs are equipped with new games and bill acceptors, along with four responsible gaming features designed to discourage excessive play of the machines. The responsible gaming features include: denoting wagers as cash value rather than credits, a permanent clock, pop-up reminders indicating play duration, and mandatory cash-out after a prescribed time limit. Although not yet validated, research is underway to test the effectiveness of these features.

The past year has marked Canada's first legal challenge against the gaming industry's duty of care to its patrons. A class-action lawsuit was launched in 2002 against Loto-Québec on behalf of Quebecers who claim to have become addicted to the crown corporation's VLTs. One key issue in the case is whether Quebecers were given adequate information about the risks of VLT gambling.

Bingo

In January 2002, Bingo Regulations were amended to benefit bingo operators and enrich the proceeds to charitable causes. Specifically, bingo license terms were extended from one to three years, which is intended to reduce the administrative work on part of the licensee. Furthermore, a new class of bingo operator called the "low revenue charitable bingo operator" was created, which will lessen the reporting and licensing fee requirements for some charities.

Ticket Lotteries

In 2001, Atlantic Lottery Corporation (ALC) celebrated its twenty-fifth anniversary in the lottery business. During the year, ALC launched "Silver Edition," a limited-edition lottery ticket, and a daily game, "Keno Atlantic."

In January 2002, the Ticket Lottery Regulations were amended to extend the maximum term for charitable ticket lottery licenses to three years, from one year. The amendment was made to reduce the administrative work on part of the licensee.

The Alcohol and Gaming Authority issued a license to the Queen Elizabeth II Health Sciences Centre, in early 2002, to sell breakopen tickets under the HELPP Lottery Program (Hospital Equipment Lottery Project for People). Under the license, HELPP breakopen tickets must be purchased through a supplier licensed by the Authoriy.

In January 2002, the Prince Edward Island Court of Appeal heard final arguments in a case to determine the authority of the Provincial government to license the Earth Fund to operate a high-priced, limited-subscription charitable lottery based in P.E.I.

and sold over the Internet. The Court ruled that the PEI government does not have the authority to issue the Earth Fund a license to operate the Earth Future Lottery. The Court said that because ticket purchases could be accepted from outside the Province by means of the Internet, the lottery was not being "conducted and managed in the Province" as is required by the Criminal Code. The Court was also of the opinion that a charity could not operate a lottery in which computers were used to access or purchase tickets, register the ticket numbers or advertise and promote the lottery.

Research

In March 2002, results from the *2000 Regular Video Lottery (VL) Players Follow Up Survey* were released by the Nova Scotia Department of Health. The purpose of the study was to compare the play behaviours, attitudes, lifestyles, characteristics, coping strategies and outcomes for Problem and Non-Problem VL Players who were able to stop or reduce regular video lottery play with those for whom VL gambling continues to be a problem. Specifically, the goals of the study were:

- to identify the factors contributing to the development and resolution of problems with video lottery gambling; and

- to provide accurate information that can be used in designing prevention and treatment strategies for problem video lottery players.

The study was based on a follow-up survey conducted between February and April, 2000, of a panel of 181respondents who participated in the *1997 Nova Scotia Video Lottery Players Survey*, and who were identified as "regular" players (i.e., play once a month or more). The criteria for being included in the follow-up

survey included: a) being a regular video lottery player now, or at some point in the past, and b) having stopped or reduced VL play at some time. Both problem and non-problem players were included in the study.

For the purpose of the study, respondents were segmented into two primary groups of either non-problem and problem VL players. These groups were further segmented into:

1) Non-problem VL Players:
    a) Non-problem Past Player,
    b) Non-problem Present Player;
2) Problem VL Players:
    a) Resolved Past Player,
    b) Resolved Present Player, and
    c) Unresolved Present Player.

Selected findings from the study include:

- The process of problem play is dynamic and many problem players are continually trying to stop VL gambling.
    - ✓ Problem Players report involvement in regular monthly VLT play for approximately 4.6 years, as compared to approximately 2.4 years for Non-Problem Players.
    - ✓ Some 52% of all Unresolved Present Players report trying to stop continuously.

- Family and friends influence on the initiation, maintenance and cessation of problematic play by the VL gambler.
    - ✓ Problem Players were significantly more likely than Non-Problem Players to report that friends and family members played a role in their introduction to play.
    - ✓ Problem Players, whether they have successfully

stopped playing or not, are significantly more likely than Non-Problem Players to report being pressured by others to resume play after they have stopped or reduced their play.

- ✓ Problem Players who have resolved their problem and are no longer playing,are less likely to have another regular player in their household.

- ❖ Many problem VL gamblers attempt to resolve their problems themselves and resist formal treatment due to stigmatization.
  - ✓ Over half to three-quarters of all Problem VL Gamblers have sought out information or assistance to help them deal with their VL gambling. They are more than twice as likely to seek out informal assistance.
  - ✓ Reasons problem players did not access formal services were almost exclusively related to the perceived stigma of accessing those services.

A series of recommendations emanated from the *2000 Regular Video Lottery (VL) Players Follow Up Survey*, in particular to increase the awareness of VLT gambling among problem gamblers, and to diminish the stigma associated with problem gambling in order to encourage problem gamblers to seek help.

The full report is available on the Department of Health Web site at:
www.gov.ns.ca/health/downloads/VLPlayers_TechnicalReport.pdf

PROVINCIAL GAMING ACTIVITY

Overview

The Nova Scotia Alcohol and Gaming Authority is responsible for the regulation of legalized gaming in this Province. These gaming activities include video lottery terminals (VLTs), casinos, Atlantic Lottery Corporation (ALC) products, bingos and charitable ticket lotteries.

For the purpose of measuring the volume of gaming activities on a consistent basis, the Alcohol and Gaming Authority uses the "wager" as a base unit. This figure represents the amount of money actually wagered on each gaming activity before prizes are awarded, operating expenses are deducted, and other assorted expenditures are accounted for. The wager for each type of gaming activity is defined in the following manner:

- cash deposited when referring to VLTs;
- cash deposited into casino slot machines plus the chips purchased for table games when referring to casinos;
- cash paid for the purchase of bingo cards when referring to bingo; and
- cash paid for the purchase of tickets when referring to ticket lotteries.

Fiscal Year 2001/2002

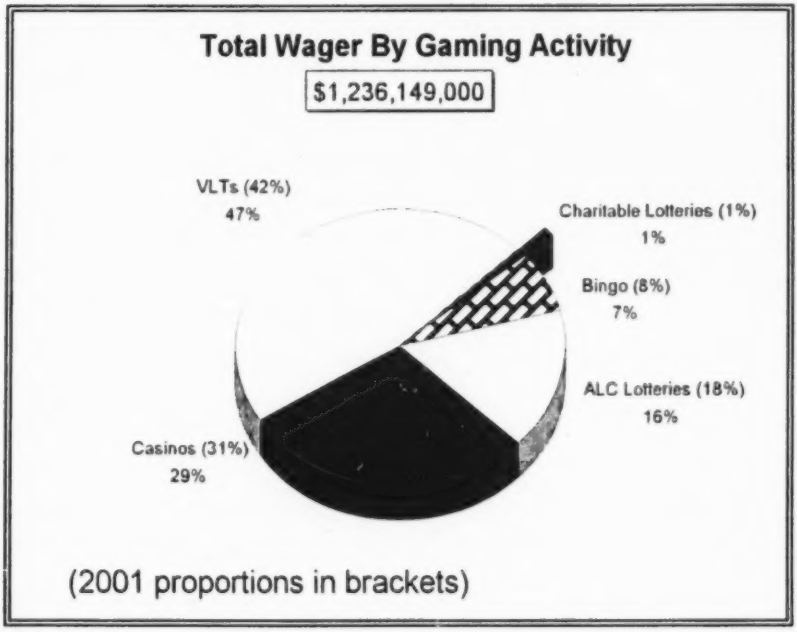
The fiscal year of 2001/2002 showed an increase in gaming in this Province, with a total wager for VLTs, casinos, ALC lotteries, bingos and charitable lotteries of $1.24 billion. This marked a 10.0 percent increase from the total wager of $1.12 billion in 2000/2001.

Total Wager By Gaming Activity
($ thousands)

	2002	2001	Change
VLTs	$575,750	$475,681	21.0%
Casinos	356,005	345,405	3.1%
ALC Lotteries	204,421	204,055	0.2%
Bingo	87,254	87,483	-0.3%
Charitable Lotteries	12,719	11,396	11.6%
TOTALS	**$1,236,149**	**$1,124,020**	**10.0%**

Of the total wager, $843.7 million went to gaming participants in the form of prizes, an increase of 12.4 percent from the prize payout of $750.4 million in 2000/2001. Prizes in 2001/2002 represented 68.3 percent of the total wager, and this is an increase from 66.8 percent in 2000/2001. Revenue to the Province was $184.5 million, representing 14.9 percent of the total wager, a 2.7 percent increase from $179.7 million in 2000/2001.

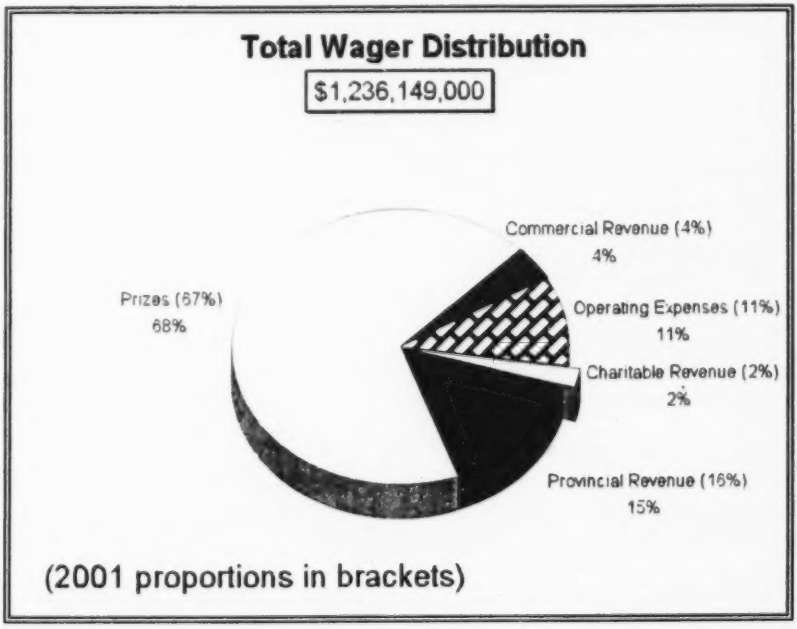
Operating expenses increased 8.5 percent from 2000/2001, for a total of $133.8 million, representing 10.8 percent of the total wager.



Revenue received by charities from gaming activities in 2001/2002 was $25.3 million, a 5.1 percent increase from $24.1 million in 2000/2001. Revenue to commercial entities in 2001/2002 was $48.8 million, up 5.0 percent from $46.5 million in 2000/2001.

Total Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$133,827	$123,372	8.5%
Commercial Revenue	48,792	46,474	5.0%
Charitable Revenue	25,342	24,112	5.1%
Provincial Revenue	184,486	179,698	2.7%
Prizes	843,702	750,364	12.4%
TOTALS	**$1,236,149**	**$1,124,020**	**10.0%**



Video Lottery Terminals

In 2001/2002, the VLT wager amounted to $575.8 million, a 21 percent increase from the VLT wager of $475.7 million in 2000/2001. The 2001/2002 VLT wager comprised 46.6 percent of the total Provincial wager for that fiscal year, and VLT gaming generated the largest wager amongst all forms of gaming in Nova Scotia.

VLT prize payouts totaled $413.2 million in 2001/2002, an increase of 25.8 percent over the previous year and represented 71.8 percent of the total VLT wager.

VLT Wager Distribution
($ thousands)

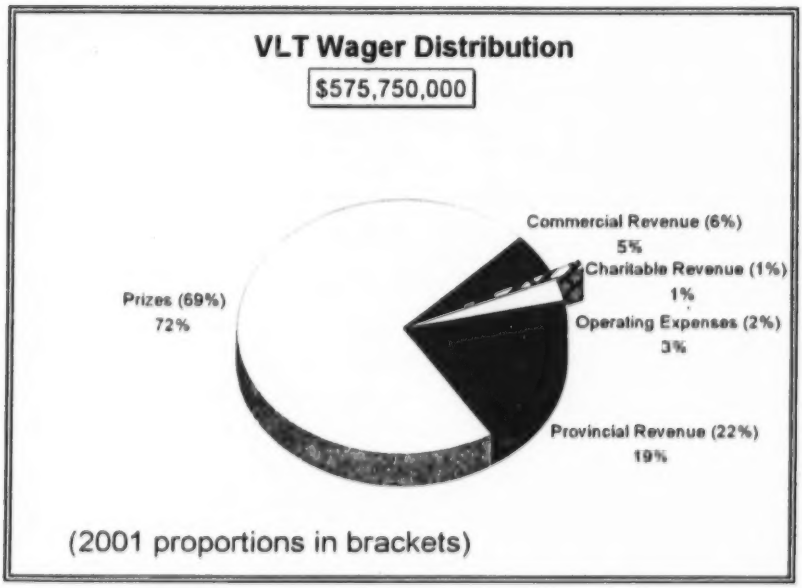
	2002	2001	Change
Operating Expenses	$16,300	$11,200	45.5%
Commercial Revenue	28,404	25,840	9.9%
Charitable Revenue	6,371	5,667	12.4%
Provincial Revenue	111,513	104,663	6.5%
Prizes	413,162	328,311	25.8%
TOTALS	**$575,750**	**$475,681**	**21.0%**

Revenue to charitable retailers was $6.4 million, a 12.4 percent increase from $5.7 million in 2000/2001. Revenue to commercial retailers was $28.4 million, up 9.9 percent from $25.8 million.

In 2001/2002, the Province received $111.5 million in revenue from VLTs. This figure marked an increase of 6.5 percent from 2000/2001, during which VLTs produced $104.7 million in revenue for Nova Scotia. At $111.5 million, the revenue to the Province from VLTs represented a 19.4 percent share of the total VLT wager.

Operating expenses in 2001/2002 increased 45.5 percent from 2000/2001 to $16.3 million. Contributing to the increase in operating expenses were costs associated with the implementation of the new video lottery terminals and the full allocation of ALC operating expenses to VLT and ALC ticket lottery operations.

In 2000/2001, there was $6.9 million in ALC operating expenses that were not reflected in VLT and ALC Ticket Lottery operations. Instead, these expenses were charged directly against the revenue to the Province. For reporting purposes, the VLT and ALC lottery results were shown with the $6.9 million deducted to calculate the revenue to the Province. This year ALC was able to fully allocate all operating expenses directly to VLT and ALC lottery operations.



Casinos

In 2001/2002, $356 million was wagered at Nova Scotia's Halifax and Sydney casinos. This represents a 3.1 percent increase from 2000/2001, when $345.4 million was wagered. The Casino wager represented 28.8 percent of the total wager in the Province.

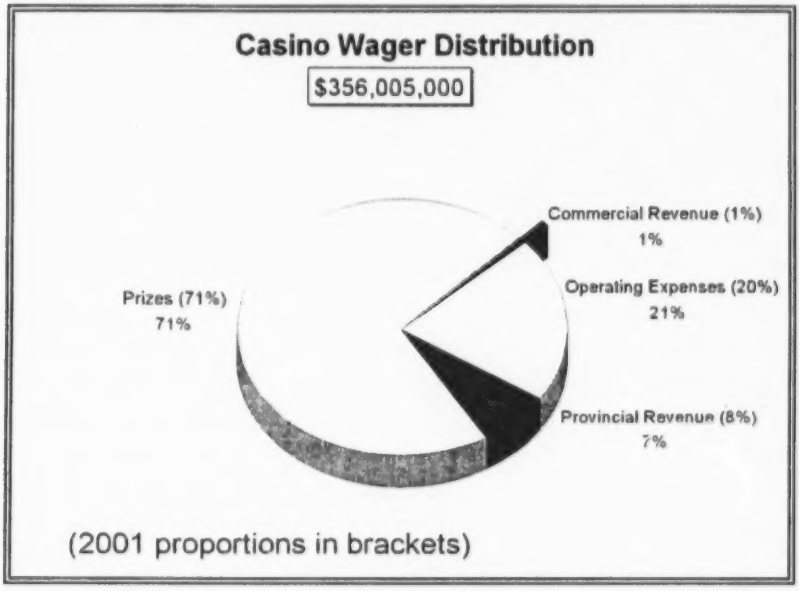
In 2001/2002 the casinos incurred $74.6 million in operating expenses, an increase of 4.9 percent from $71.1 million in 2000/2001. The 2001/2002 operating expenses represent 21 percent of the total casino wager.

Casino Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$74,612	$71,145	4.9%
Commercial Revenue	1,989	2,424	-17.9%
Provincial Revenue	25,416	26,642	-4.6%
Prizes	253,988	245,194	3.6%
TOTALS	**$356,005**	**$345,405**	**3.1%**

The casino operator realized $2.0 million in revenue in 2001/2002 marking a 17.9 percent decrease from $2.4 million in 2000/2001. The Province's share of casino revenues in 2001/2002 amounted to $25.4 million, marking a 4.6 percent decrease from $26.6 million in 2000/2001. The $25.4 million figure represents 7.1 percent of the 2001/2002 casino wager.

The casinos paid out $254 million in prizes in 2001/2002, and this represents a 3.6 percent increase from the $245.2 million which was paid out as prizes in 2000/2001. Prize pay-outs in 2001/2002 accounted for 71.3 percent of the total casino wager.



Casino Nova Scotia (2001/2002)

	Halifax		Sydney	
	2002	**2001**	**2002**	**2001**
Wager ($ millions)	$248.7	$241.0	$107.3	$104.4
Revenue to Province ($ millions)	$12.6	$14.7	$12.9	$11.9
Gaming Floor Area (sq. ft)	32,000	32,000	15,000	15,000
Employees	825	784	248	243
Visitors	1,780,693	1,911,188	803,196	839,138
Slot Machines	733	700	368	378
Table Games	39	40	11	12

ALC Lotteries

In 2001/2002, $204.4 million was wagered on ALC lottery products. This figure represented 16.5 percent of the total Provincial wager and marked a 0.2 percent increase from the $204.1 million which was wagered on ALC lottery products in 2000/2001.

A total of $106.6 million was paid out in the form of prizes for ALC lotteries in 2001/2002, a decrease of 0.8 percent from the $107.5 million which was paid out in prizes in 2000/2001. The $106.6 million prize payout represents 52.2 percent of the total ALC lotteries wager.

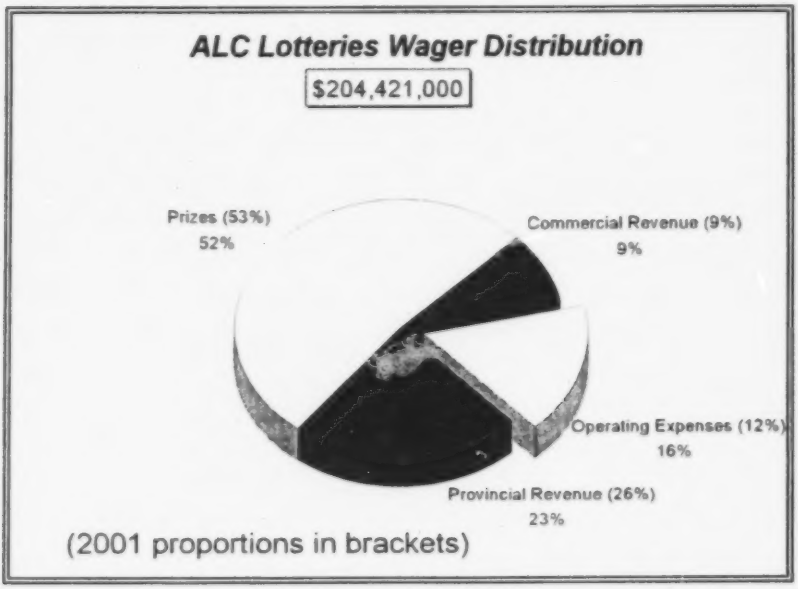
ALC Lotteries Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$33,672	$24,834	35.6%
Commercial Revenue	18,022	17,870	0.9%
Charitable Revenue	44	45	-2.2%
Provincial Revenue	46,046	53,778	-14.4%
Prizes	106,637	107,528	-0.8%
TOTALS	**$204,421**	**$204,055**	**0.2%**

Retailer revenue increased 0.9 percent, from $17.9 million in 2000/2001 to $18.0 million in 2001/2002. Revenue to the retailers represented 8.8 percent of the ALC wager for the 2001/2002 fiscal year. Revenue to charities which was generated from charitable breakopen tickets was $44 thousand in 2001/2002.

ALC lotteries' operating expenses in Nova Scotia in 2001/2002 were $33.7 million, and this marked a 35.6 percent increase from $24.8 million in 2000/2001. Factors contributing to this increase

were increased costs associated with the new retailer terminals and the full allocation of ALC operating expenses to both VLT and ALC ticket lottery operations (see page 23).



In 2001/2002 the Province received $46.0 million in revenue from ALC ticket lotteries, a decrease of 14.4 percent from the $53.8 in 2000/2001.

Bingo

Bingo ranks as the second smallest component of Nova Scotia's gaming industry, with 7.1 percent of the total Provincial wager in 2001/2002. However, bingo continues to rank first overall as a means of generating funds for charitable purposes.

The bingo wager amounted to $87.3 million for the 2001/2002 fiscal year, a 0.3 percent decrease from the $87.5 million bingo wager in 2000/2001. Similarly, bingo attendance fell to 2.4 million players in 2001/2002, down 4 percent from 2.5 million in 2000/2001.

Total Bingo Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$7,460	$7,702	-3.1%
Charitable Revenue	13,872	13,574	2.2%
Commercial Revenue	377	340	10.9%
Provincial Revenue	1,396	1,397	-0 1%
Prizes	64,149	64,469	-0.5%
TOTALS	**$87,254**	**$87,482**	**-0.3%**

Charitable Bingo

Charitable bingos continue to play a much needed role in fund raising throughout the Province. Charitable profits achieved through bingo operations is one way that organizations such as volunteer fire departments, churches, schools, minor league sports teams, legions or other community groups can raise funds on their own.

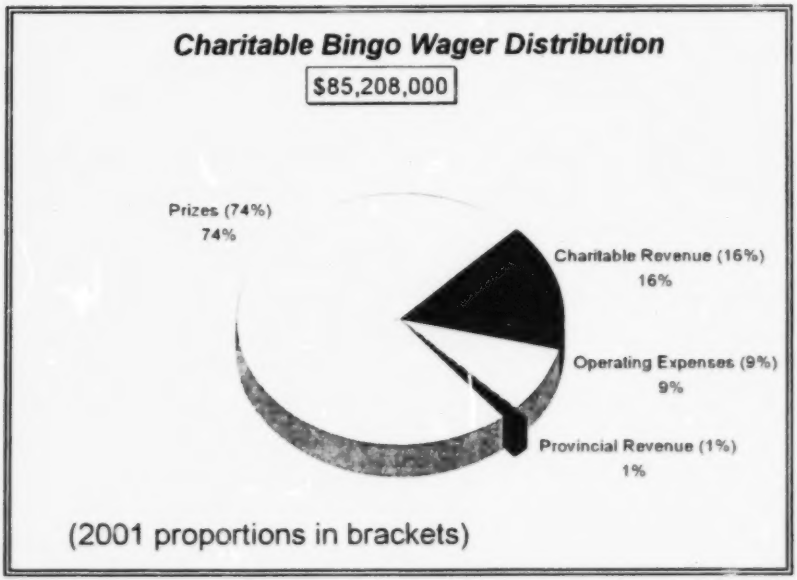
In the fiscal year 2001/2002, $85.2 million was wagered at charitable bingos. That marked a 0.4 percent decrease from the $85.5 million that was wagered in the 2000/2001 fiscal year. Charities retained $13.9 million in profits from the total bingo wager in 2001/2002, an increase of 2.2 percent from $13.6 million in 2000/2001.

Charitable Bingo Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$7,341	$7,572	-3.1%
Charitable Revenue	13,872	13,574	2.2%
Provincial Revenue	1,255	1,263	-0.6%
Prizes	62,740	63,125	-0.6%
TOTALS	**$85,208**	**$85,534**	**-0.4%**

Of the charitable bingo wager, 73.6 percent was paid out in the form of prizes, a marginal decrease from the 73.8 percent paid out in prizes in 2000/2001. The total value of bingo prizes awarded in 2001/2002 was $62.7 million.

In 2001/2002, bingo operating expenses represented $7.3 million of the total bingo wager, a decrease of 3.1 percent from $7.6 million in 2000/2001. Operating expenses accounted for 8.6 percent of the total bingo wager in 2001/2002 compared to 8.9 percent in 2000/2001.



The Authority issues bingo licenses for one time events (bingo single license), or a recurring event (bingo series licenses). In the fiscal year 2001/2002, the Authority received financial reports for 31 bingo single licenses and 490 bingo series licenses. A total of 400 of all licensed bingo operations, or more than 76 percent of all bingos, reported total wagers of less than $200 thousand. This is an indication that the majority of bingos operating in the Province are smaller in nature.

By contrast, there are larger operations reporting total wagers of $300 thousand or more. This group represents 12.9 percent of bingo licensees, and generated more than 50 percent of the total charitable bingo wager. Though bingo operations are of varied sizes throughout the Province, they share the same goal of maximizing funds for charitable or religious purposes.

Charitable Bingo Licensees Grouped By Wager

Category	Licensees	%	Wager ($ thousands)	%
$0-50,000	171	32.8%	$2,299	2.7%
50,000-100,000	93	17.9%	6,982	8.2%
100,000-150,000	79	15.2%	9,967	11.7%
150,000-200,000	57	10.9%	9,700	11.4%
200,000-250,000	32	6.1%	7,009	8.2%
250,000-300,000	22	4.2%	6,042	7.1%
300,000-500,000	35	6.7%	13,961	16.4%
500,000-1,000,000	25	4.8%	17,455	20.5%
$1,000,000+	7	1.3%	11,793	13.8%
TOTALS	**521**	**100.0%**	**$85,208**	**100.0%**

Media bingos (TV or radio bingo) have continued to be profitable. In the fiscal year 2001/2002 there were 36 media bingos in operation. Media bingos generated $5.6 million in wagers ($5.3 million in 2000/2001), which resulted in revenues to their charitable or religious organizations of $1.9 million. This represents an average return of 33.4 percent (35.2 percent in 2000/2001), which is well above that of the traditional bingo.

The Alcohol and Gaming Authority continues to assist charitable bingos by striving to make reporting requirements simpler, and providing licensees with comparative performance statistics so that they may better gauge their own performance. As well, licensing staff of the Alcohol and Gaming Authority continue to meet with charitable bingo operators to provide assistance whenever possible.

Charitable Bingo Licensees Grouped By Net Profits

		Licensees By Net Profit			Average
Category	**Licensees**	**<0%**	**0-15%**	**>15%**	**Net Profit**
$0-50,000	171	39	36	96	13.3%
50,000-100,000	93	6	38	49	15.6%
100,000-150,000	79	6	43	30	15.0%
150,000-200,000	57	1	32	24	15.6%
200,000-250,000	32	2	9	21	17.2%
250,000-300,000	22	0	7	15	20.9%
300,000-500,000	35	0	15	20	17.3%
500,000-1,000,000	25	0	18	7	16.7%
$1,000,000+	7	0	5	2	14.1%
TOTALS	**521**	**54**	**203**	**264**	**16.2%**

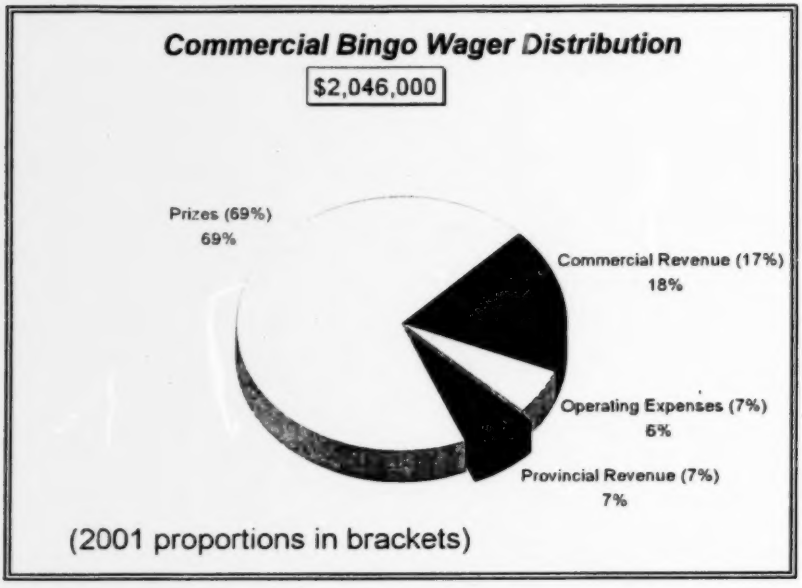
Commercial Bingo

When Nova Scotia introduced comprehensive Bingo Regulations in 1995, it included a rule that prohibited the granting of any new commercial bingo licenses. The regulations allowed existing commercial bingos to be "grandfathered" to continue operations. There are three remaining commercial bingo operators in Nova Scotia.

In 2001/2002, $2.0 million was wagered at commercial bingos, representing 2.3 percent of the total bingo wager. Commercial bingo operators reported profits of $377 thousand in 2000/20001, a 10.9 percent increase from the $340 thousand reported in 2000/2001. The increase in profits to commercial operators is partly attributable to a decrease in reported operating expenses. Operating expenses were $119 thousand, down 8.5 percent from the $130 thousand reported in 2000/2001.

Commercial Bingo Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$119	$130	-8.5%
Commercial Revenue	377	340	10.9%
Provincial Revenue	141	134	5.2%
Prizes	1,409	1,344	4.8%
TOTALS	**$2,046**	**$1,948**	**5.0%**



Charitable Ticket Lotteries

In 2001/2002, the charitable ticket lotteries wager totaled $12.7 million, representing one percent of the total gaming wager and producing $5.1 million in charitable revenue.

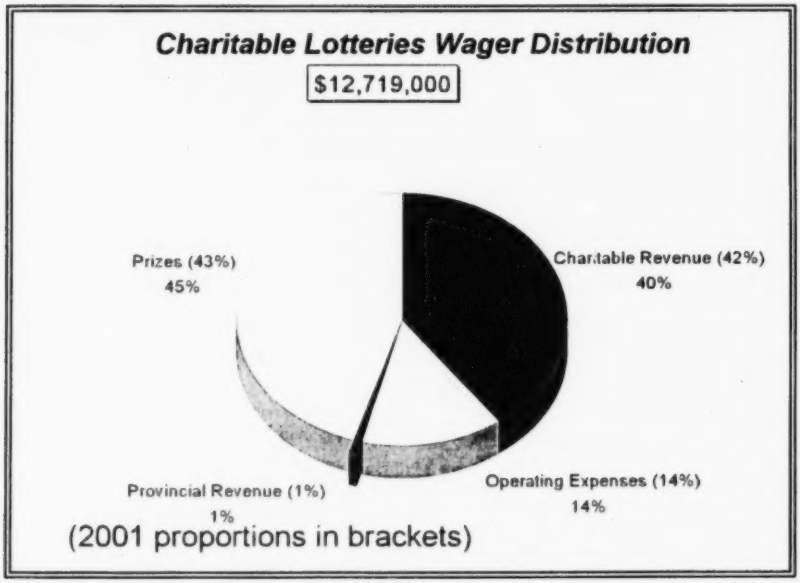
Operating expenses for charitable ticket lotteries totaled $1.8 million in 2001/2002, a 10.7 percent increase from the $1.6 million reported in 2000/2001. Operating expenses for 2001/2002 amounted to 14.0 percent of the total charitable ticket lottery wager, compared to 14.1 percent in 2000/2001.

Charitable Lotteries Wager Distribution
($ thousands)

	2002	2001	Change
Operating Expenses	$1,783	$1,611	10.7%
Charitable Revenue	5,055	4,826	4.7%
Provincial Revenue	115	97	18.6%
Prizes	5,766	4,862	18.6%
TOTALS	**$12,719**	**$11,396**	**11.6%**

Revenue to the Province from charitable lotteries totaled $115 thousand in 2001/2002, an 18.6 percent increase from $97 thousand in 2000/2001. The Province's share as a percentage of the total wager remained at 0.9 percent.

Prizes awarded in charitable ticket lotteries totaled 5.8 million (45.3 percent of the total wager), an increase of 18.6 percent from 2000/2001 in which the prize amount was $4.9 million (42.7 percent of the total wager).



In the 2001/2002 fiscal year, the Authority received financial reports for 660 charitable ticket lottery licenses. The majority of ticket lottery schemes in the Province were smaller when ranked by ticket sales. Of the 660 charitable ticket lotteries, 617 (93.5 percent) reported ticket sales of $50 thousand, or less.

Conversely, though fewer in number, there were larger ticket lottery schemes in the Province that have proven very successful. There were nine ticket lottery operations that each generated sales of over $300 thousand to produce total ticket sales of $4.3 million. These nine ticket lottery operations generated, in total, $1.6 million for charitable purposes.

Charitable lotteries remain the most efficient way to raise charitable funds. Of every dollar wagered in charitable lotteries during the 2001/2002 year, 39.7 cents were available for charitable

purposes upon the lotteries' completion. This figure represents a decrease from 42.3 cents in 2000/2001.

Charitable Lotteries Licensees Grouped By Wager

Category	Licensees	%	Wager ($ thousands)	%
$0-50,000	617	93.5%	$4,721	37.1%
50,000-100,000	20	3.0%	1,368	10.8%
100,000-150,000	7	1.1%	817	6.4%
150,000-200,000	3	0.5%	490	3.9%
200,000-250,000	3	0.5%	690	5.4%
250,000-300,000	1	0.2%	297	2.3%
300,000-500,000	7	1.1%	2,933	23.1%
500,000-1,000,000	2	0.3%	1,403	11.0%
$1,000,000+	0	0.0%	0	0.0%
TOTALS	**660**	**100.0%**	**$12,719**	**100.0%**

CANADIAN JURISDICTIONAL GAMING COMPARISON

Province	Agencies Involved	Charitable Casinos	Commercial Casinos	VLTs
NF	**Government Services & Lands, Trade Practices & Licensing Division** Atlantic Lottery Corporation			✔
PE	**PEI Lotteries Commission** **Office of the Attorney General for Charitable Gaming** Atlantic Lottery Corporation			✔
NS	**Nova Scotia Alcohol and Gaming Authority** Nova Scotia Gaming Corporation Atlantic Lottery Corporation		2	✔
NB	**New Brunswick Department of Public Safety** Lotteries Commission of New Brunswick Atlantic Lottery Corporation			✔
QC	**Régie des alcools, des courses et des jeux** Société des loteries du Québec		3	✔
ON	**Alcohol and Gaming Commission of Ontario** Ontario Lottery and Gaming Corporation Ontario Racing Commission	6	3	✔[1]
MB	**Manitoba Gaming Control Commission** Manitoba Lotteries Corporation		3[2]	✔
SK	**Saskatchewan Liquor and Gaming Authority** Saskatchewan Gaming Corporation	1	6[3]	✔

Province	Agencies Involved	Charitable Casinos	Commercial Casinos	VLTs
AB	Ministry of Gaming **Alberta Gaming and Liquor Commission** Department of Gaming Alberta Gaming Research Council	16		✔
BC	**British Columbia Gaming Policy and Enforcement Branch** British Columbia Lottery Corporation	17	4	
NT	**Consumer Services, Community Operations**			
YT	**Consumer Services, Department of Justice** Yukon Lottery Commission	1		
NU	Department of Community, Government & Transportation (Consumer Affairs Section)			

[1] 15 slot machine operations located at horse racetracks.
[2] Includes 1 First Nations casino.
[3] Includes 4 First Nations casinos.

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